

Virginia Department of Human Resource Management

ACTIVE EMPLOYEES *PREPARE FOR THE FUTURE*

VIRGINIA GOVERNMENTAL EMPLOYEES ASSOCIATION
SEPTEMBER 16, 2017



WORKFORCE

STATE HAS 104,678 SALARIED EMPLOYEES AND ALMOST 21,000 TEMPORARY EMPLOYEES

HUMAN CAPITAL as of June 30, 2017

Branch	Salaried	Temporary	TOTAL
<i>Executive</i>	99,298.10	20,716.01	120,014.11
<i>Legislative</i>	503.80	31.48	535.28
<i>Judicial</i>	3,284.30	116.03	3,400.33
<i>Independent</i>	1,591.80	108.92	1,700.72
<i>Totals</i>	104,678.00	20,972.44	125,650.44

OVER HALF OF EXECUTIVE BRANCH EMPLOYEES ARE IN EDUCATION

EXECUTIVE -Secretariat FTEs	6/30/2017	7/31/2011	Change 7/31/2011 to 6/30/17	% Change 7/31/2011 to 6/30/17
• Education	50,017.22	45,906.89	4,110.33	8.95%
• Public Safety & Homeland	18,378.15	18,265.90	112.25	0.61%
• Health & Human Resources	14,719.92	15,288.26	-568.34	-3.72%
• Transportation	9,162.03	8,970.85	191.18	2.13%
• Natural Resources	1,780.14	1,806.11	-25.97	-1.44%
• Commerce & Trade	1,617.90	1,685.18	-67.28	-3.99%
• Finance	1,082.30	1,102.00	-19.70	-1.79%
• Administration	759.85	781.45	-21.60	-2.76%
• Veterans Affairs	659.31	675.30	-15.99	-2.37%
• Agriculture & Forestry	589.00	550.00	39.00	7.09%
• Executive Offices	452.45	386.00	66.45	17.22%
• Technology	262.50	260.30	2.20	0.85%
TOTAL EXECUTIVE SALARIED	99,480.77	95,678.24	3,802.53	3.97%

Source: DHRM EPR Reports July 2011 and June 2017

TOP 10 ORGANIZATIONS REPRESENT 2/3 OF THE EXECUTIVE BRANCH EMPLOYEES

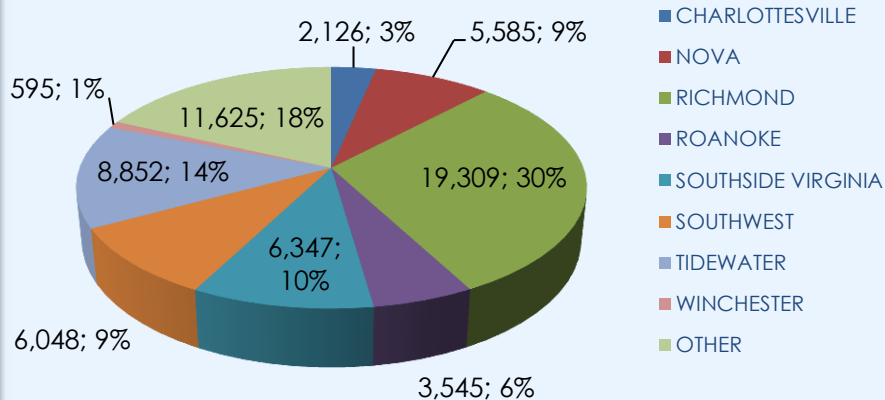
	10 Largest State Agencies – FY17	
Rank	Agency	~ Salaried Employee FTEs
1	University of Virginia System	14,192
2	Virginia Department of Corrections	11,245
3	Virginia Department of Transportation	7,475
4	Department of Behavioral Health & Developmental Services	6,102
5	Virginia Commonwealth University	5,946
6	Virginia Tech	5,530
7	George Mason University	3,934
8	Virginia Department of Health	3,196
9	James Madison University	2,983
10	Virginia State Police	2,607

AVERAGE AGE OF THE CLASSIFIED WORKFORCE REMAINED STEADY IN FY17 WHILE AVERAGE YEARS OF SERVICE DECREASED

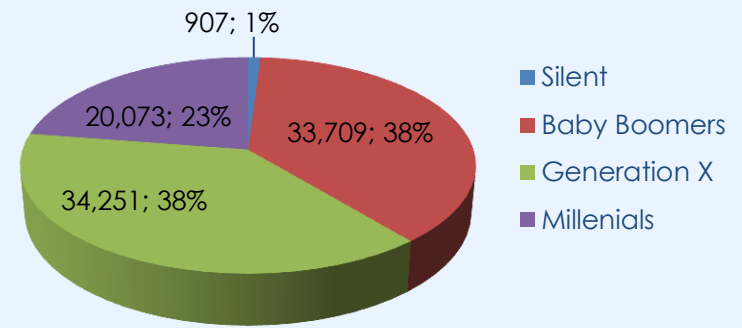
Average Years of Service 11.7 years ↓

Average Age: 46.6 years ↔

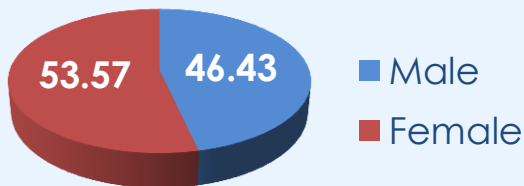
Region



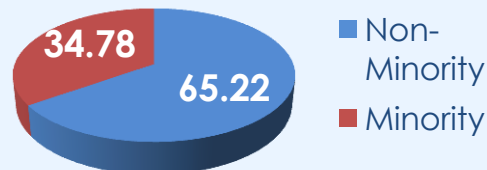
Generations



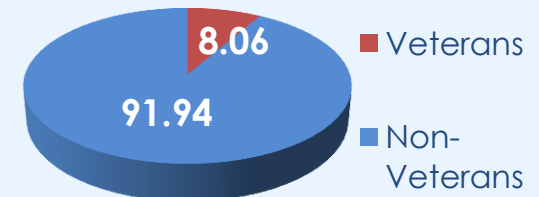
Gender by %



Race by %



Veterans by %



AGENCIES SHOULD PLAN TO DEVOTE MORE RESOURCES TO MANAGE TALENT ACQUISITION AND RETENTION EFFORTS

Recruitment FY17	
• Vacancy rate	12.45% ↓
• Average vacancy	288 days ↓
• Average time to hire	87 days ↑
• Hire offers accepted	85.8% ↓
• Exceptional recruitment options	4.5% ↑
• Total recruitments*	14,287 ↓
• Promotions	13.2% ↓
• Demotions	1.7% ↔
• Transfers	25.4% ↑
• New hires & rehires	59.8% ↑
• Average age new hire	35.3 yrs ↑

Retention FY17	
• Turnover rate	14.5% ↑
• Turnover - probationary	15.1% ↑
• Turnover - < 5 years service	57.6% ↑
• Average retention bonus	1.4% ↓
• Transactions w/ retention in-band adjustment increase	8.5% ↑
• Avg retention in-band adjustment increase	3.7% ↓
• Eligible retirement today	11.7% ↔
• Eligible retirement ≤ 5 years	24.0% ↓
• Retirement rate	3.4% ↑
• Average age at retirement	62 yrs ↓

HIGH EMPLOYEE RETIREMENT ELIGIBILITY RATES IN AGENCIES DEMONSTRATES THE NEED TO COMPLETE REQUIRED SUCCESSION PLANS

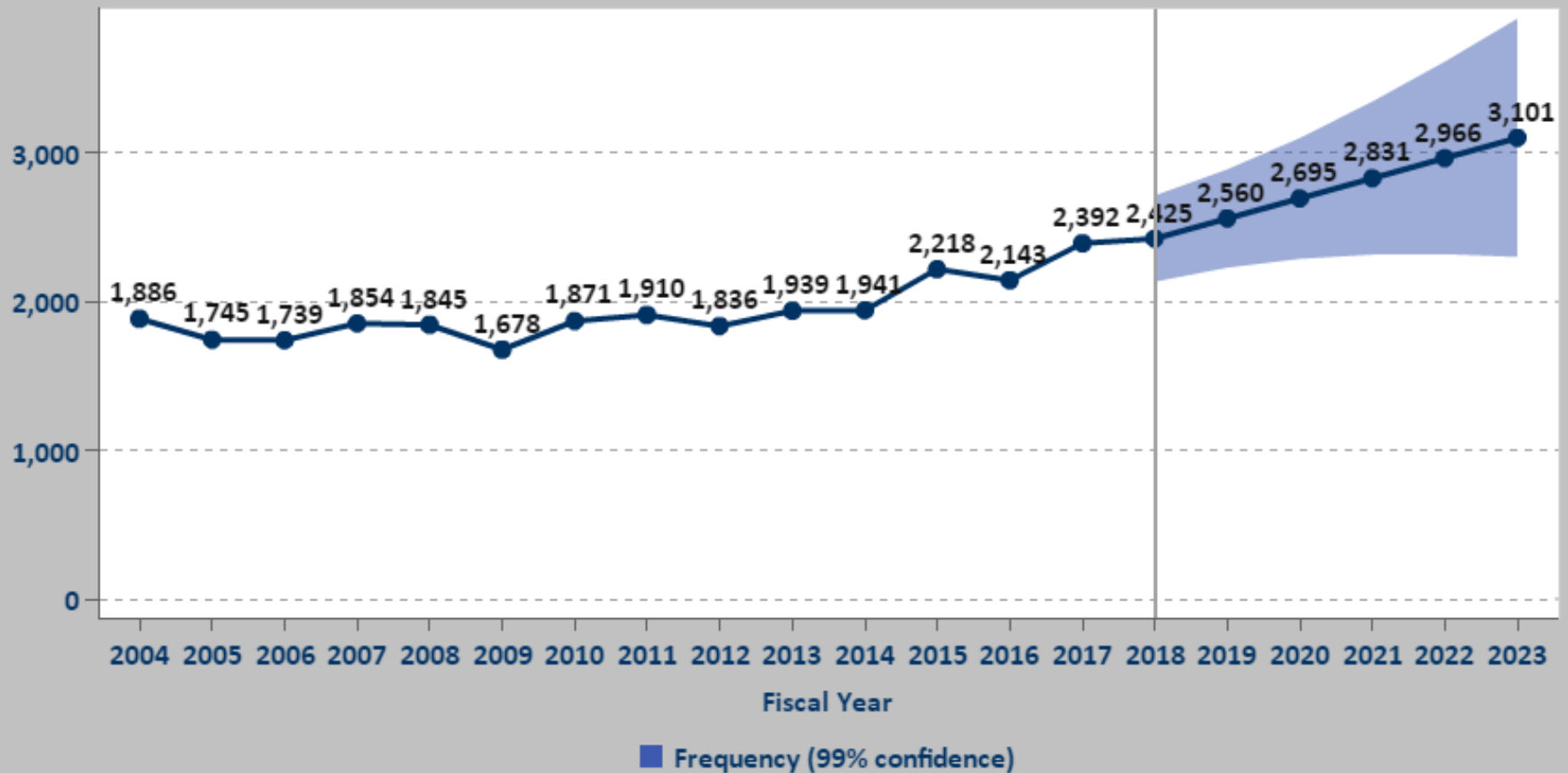
Agency	Total # of Employees	Retirement Eligible in 5 Years or Less
Dept Mines Minerals & Energy	187	40.64%
Dept of Education	275	37.46%
Baskerville Correctional Center	141	36.17%
Dept of Labor and Industry	141	35.46%
Dept of Forestry	233	34.76%
Virginia Employment Commission	679	34.61%
Dept of Planning and Budget	42	30.95%
Dept of Environmental Quality	773	30.66%
Dept of Transportation	7,481	30.33%
Dept of Agri & Cons Services	439	30.30%
Dept of the Treasury	103	30.10%
Dept of Accounts	143	30.07%

SPECIFIC CLASSIFIED ROLES ARE VULNERABLE TO RETIREMENT BRAIN DRAIN

Role	Total # of Employees	Retirement Eligible in 5 Years or Less
Mineral Specialist & Managers	107	41.12%
General Managers	653	40.58%
Financial Managers	439	37.81%
Agricultural Specialists & Managers	228	36.84%
Engineering Technicians	996	34.34%
Compliance & Safety Officers	477	28.30%
Registered Nurses	1,450	27.85%
Architects & Engineers	1,168	27.74%
Law Enforcement	2,682	26.66%
Physicians	164	26.22%
Probation Officers	1,540	23.77%
IT Specialists & Managers	3,137	21.49%

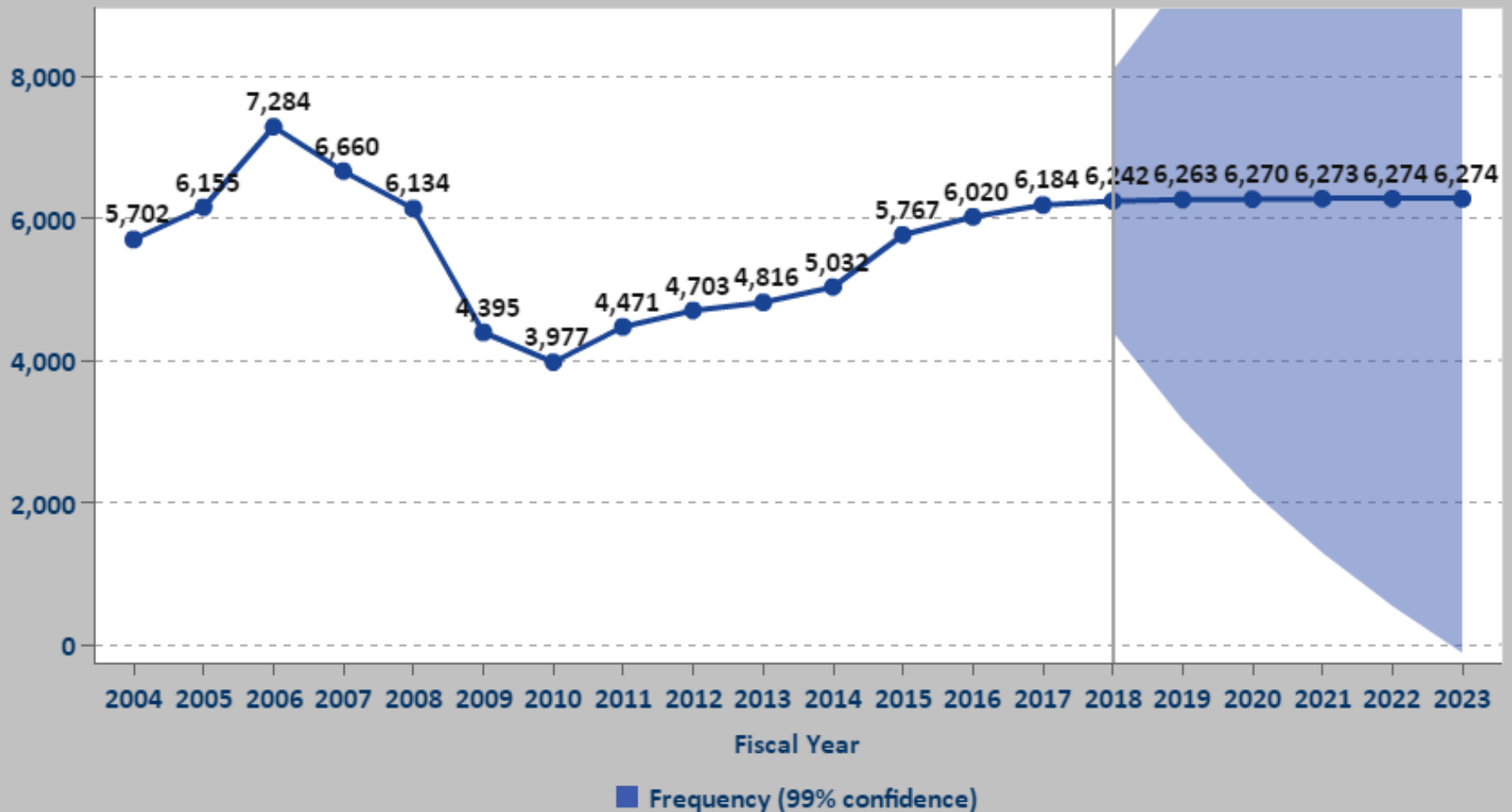
THE RISING TIDE OF SERVICE RETIREMENTS DEMONSTRATES THE NEED FOR SUCCESSION PLANNING

Frequency of Service Retirements with Forecast (all salaried in PMIS)



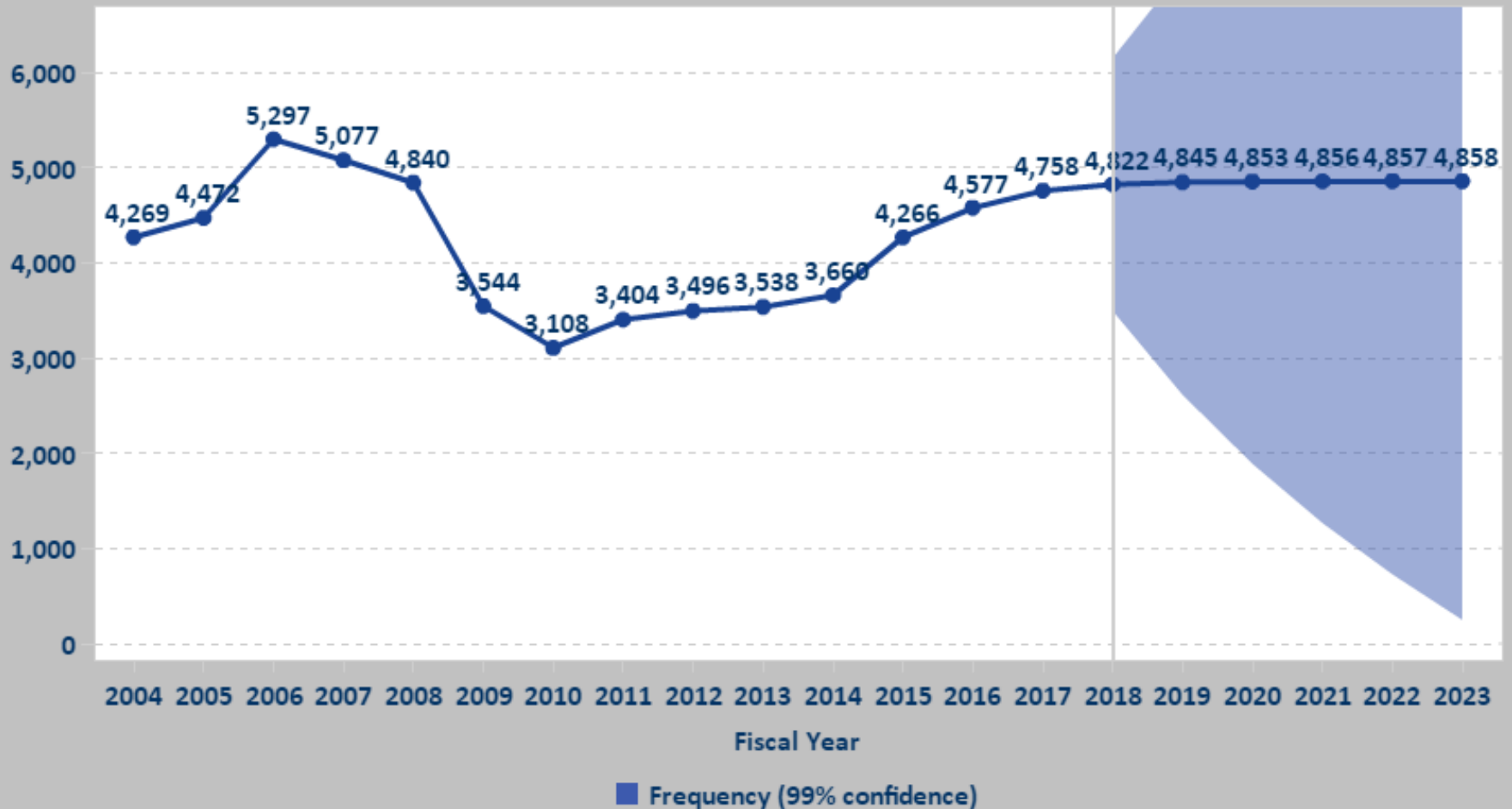
INCREASING VOLUNTARY RESIGNATIONS RATE INDICATES NEED FOR INCREASED FOCUS ON RETENTION AND RECRUITMENT

Frequency of Resignations with Forecast (all salaried in PMIS)



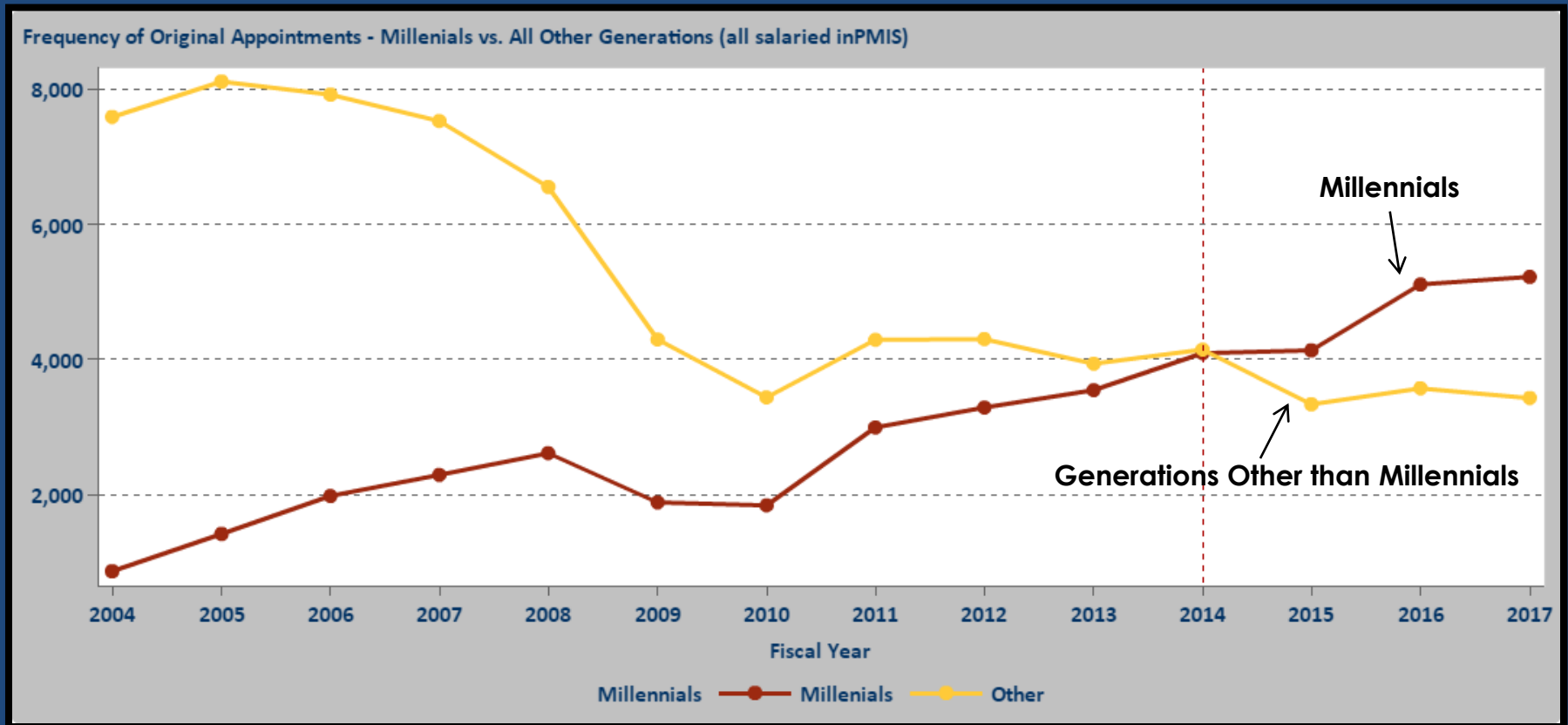
ON AVERAGE 75% OF RESIGNATIONS ARE EMPLOYEES WITH 5 YEARS OR LESS OF SERVICE

Frequency of Resignations with Forecast - Employees with 5 Years or Less of Current Service (all salaried in PMIS)



SINCE 2014, MILLENNIALS WERE HIRED INTO THE STATE WORKFORCE MORE OFTEN THAN ANY OTHER GENERATION

- Recruitment methods, overall employee branding, and employee value proposition need to evolve to focus more on the Millennial generation

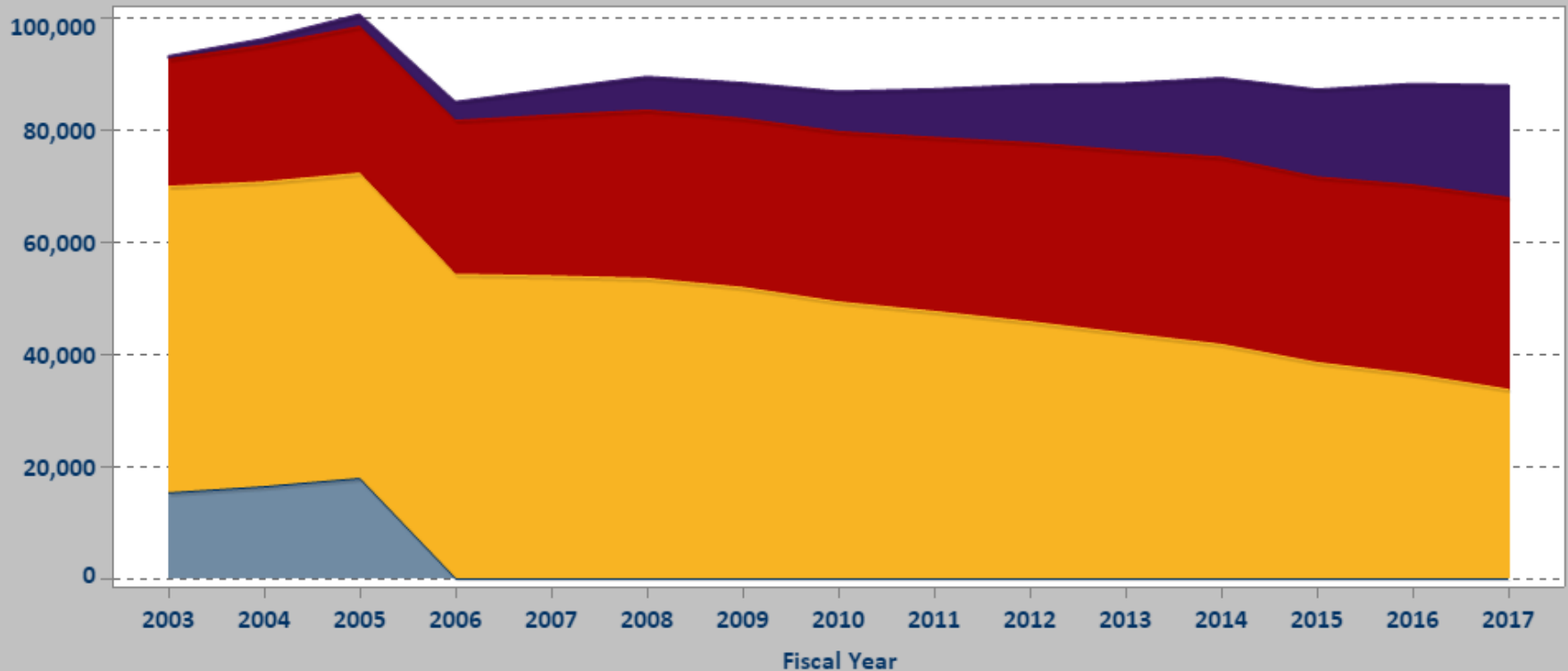


RETENTION AND SUCCESSION MANAGEMENT EFFORTS SHOULD EVOLVE AS GENERATIONS CHANGE

Employees by Generational Cohort (all salaried in PMIS)

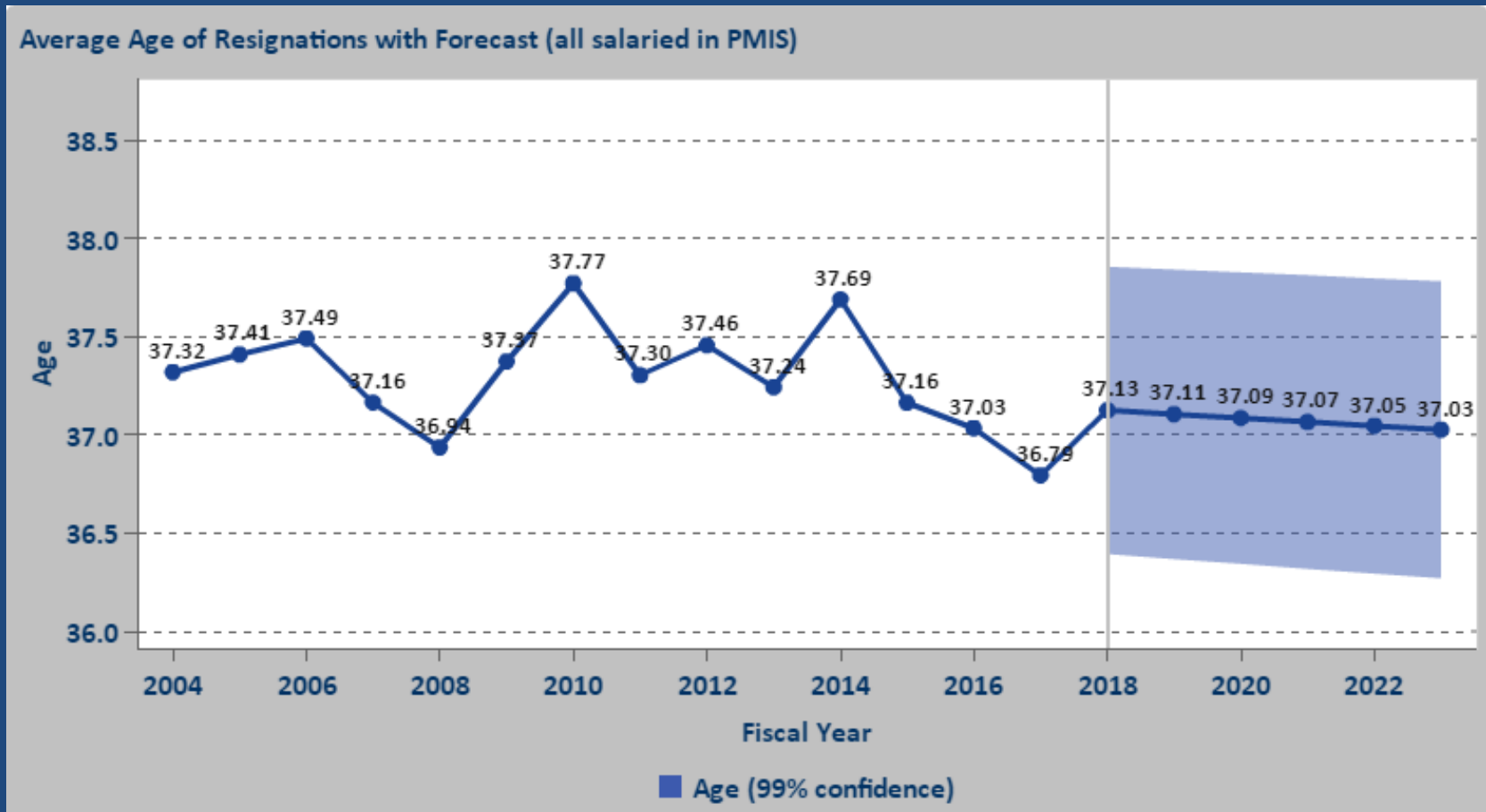
Generational Cohorts

Other Boomers (1946-1964) GenX (1965-1980) Millennials (after 1980)



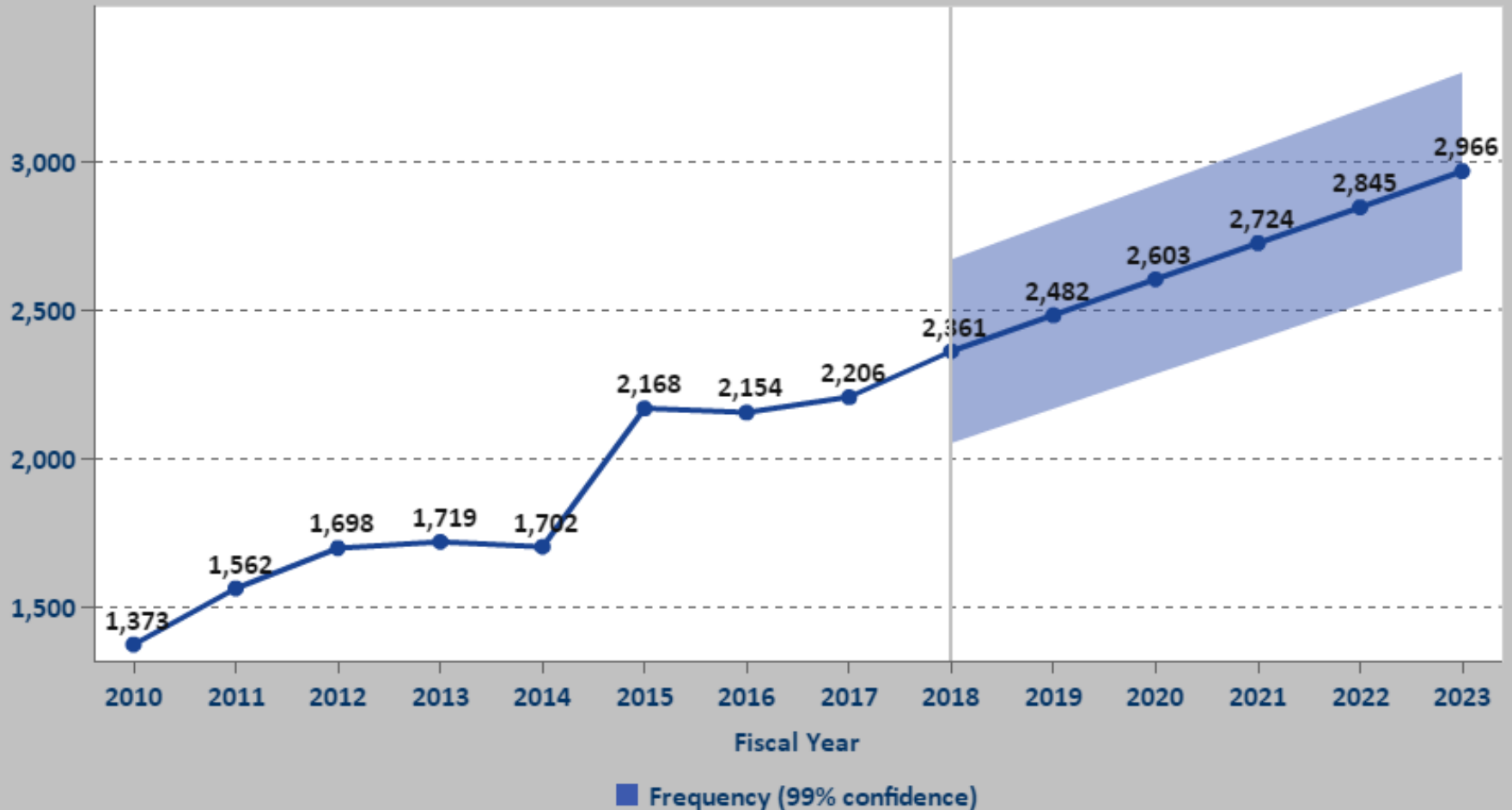
AVERAGE AGE OF EMPLOYEES RESIGNING IS ABOUT A DECADE LOWER THAN AVERAGE AGE OF THE OVERALL WORKFORCE

- Average age of workers resigning: 37.1
- Average overall age of state workforce: 46.6



RESIGNATIONS “FOR A BETTER JOB” INCREASED IN FY17

Resignations for a Better Job with Forecast (all salaried in PMIS)



WITH 3% SALARY INCREASE ON JULY 10, 2017, CLASSIFIED COMPENSATION PAY BANDS WERE UPDATED

Pay Bands	Ranges			Employees on 8/31/2017	
	Minimum	SW Maximum	NOVA Maximum	Number	Percent
1	\$16,472	\$46,778	\$58,773	1,960	3.11%
2	\$21,521	\$57,644	\$72,899	7,046	11.19%
3	\$25,718	\$66,683	\$84,651	19,792	31.44%
4	\$33,598	\$83,649	\$106,705	17,082	27.13%
5	\$43,892	\$105,811	\$135,516	12,331	19.59%
6	\$57,342	\$134,764	\$173,156	4,045	6.43%
7	\$74,913	\$172,594	\$205,755	488	0.78%
8	\$97,863	\$222,012	\$265,055	195	0.31%
9	\$127,852	MARKET	MARKET	16	0.03%

COMPARISON OF STATE SALARY DESCRIPTIVE STATISTICS BETWEEN FY17 YEAR END & 8/31/2017

CLASSIFIED STATE SALARIES Full Time as of 6/30/2017	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
SW Pay Area	\$47,475	\$41,981	\$33,889	\$55,832	\$15,992	\$254,919	57,905
NOVA Pay Area	\$57,115	\$52,264	\$42,840	\$65,149	\$20,969	\$216,300	5,525
All Pay Areas (Statewide All)	\$48,312	\$42,802	\$34,250	\$57,043	\$15,992	\$254,919	63,430

CLASSIFIED STATE SALARIES Full Time as of 8/31/2017	MEAN	MEDIAN	1ST QUARTILE	3RD QUARTILE	LOWEST	HIGHEST	COUNT
SW Pay Area	\$49,486	\$43,655	\$35,022	\$58,483	\$16,472	\$262,567	56,778
NOVA Pay Area	\$59,279	\$53,764	\$44,260	\$67,794	\$21,598	\$245,068	5,503
All Pay Areas (Statewide All)	\$50,352	\$44,515	\$35,363	\$59,890	\$16,472	\$262,567	62,281

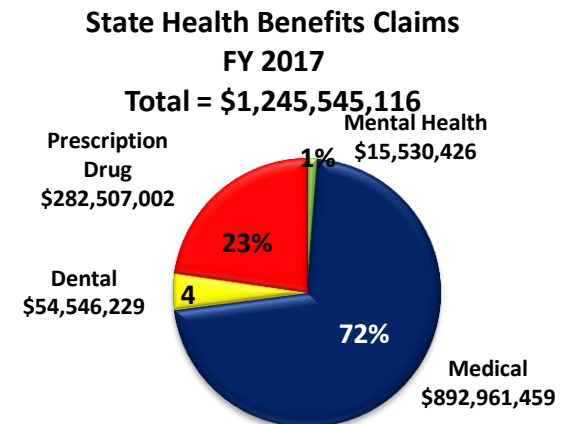
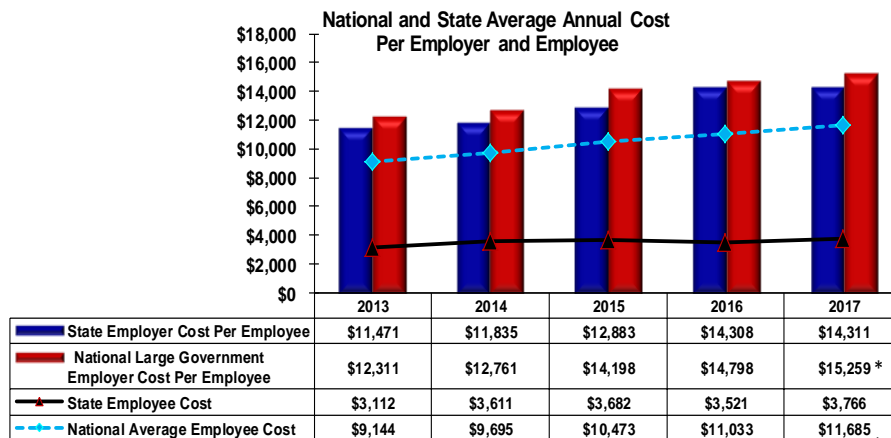
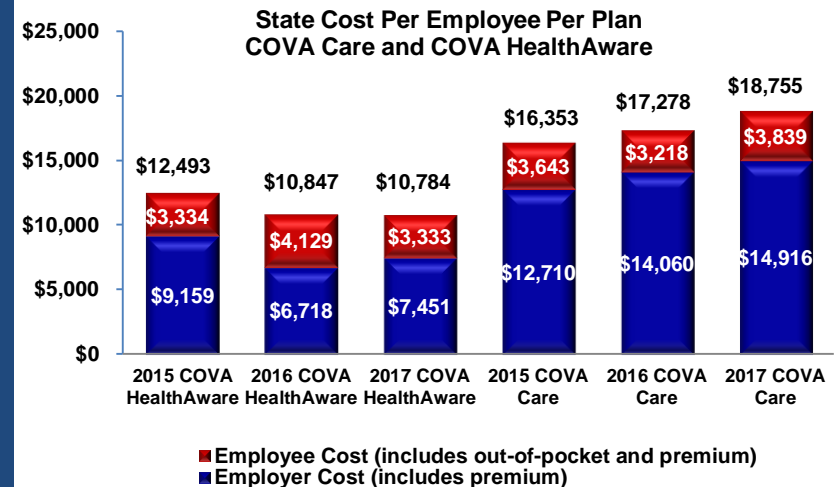
- **Mode** - Pay Band 3
- **Federal minimum wage** = \$7.25 or \$15,080 annually
- **8/31/17: Lowest** \$16,472 (9 @ DBHDS) **Highest** \$ 262,547 (Physician Mgr.)

ACTIVE EMPLOYEES & EARLY RETIREES HEALTH BENEFITS

FY 2017 HEALTH BENEFITS

HEALTH BENEFITS COST

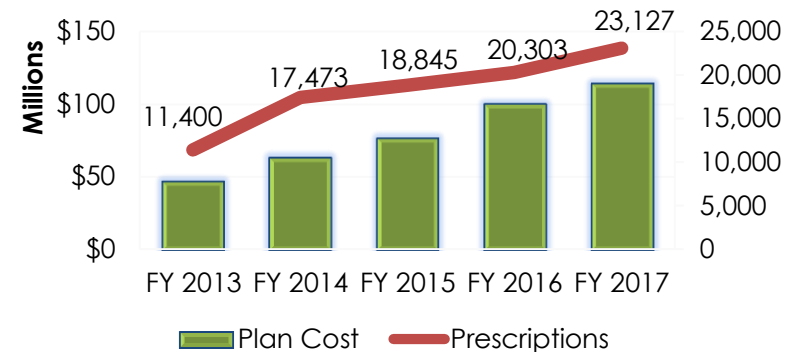
- \$1.25 billion **total claims** paid in FY 17
- 7.5 million **total claims processed**
- \$18,077 **total cost per employee**
- 1.4% **increase** in FY 17 from prior year
- 4.3% **market increase**



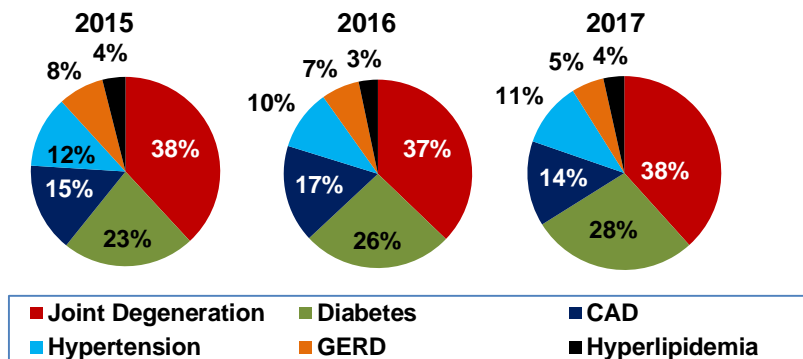
FY 2017 HEALTH BENEFITS COST DRIVERS

- Expensive procedures
- Treatment of chronic conditions
- Prescription drug therapy cost
- Employee lifestyle
- Average employee age

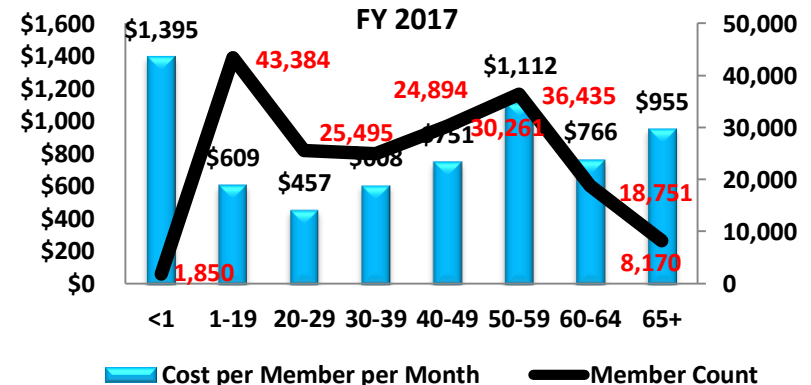
**Specialty Drug Cost and Use Trend
FY 2013-2017**



Lifestyle Related Claims = 25% of Medical Claims Cost



COVA Medical Expense By Age



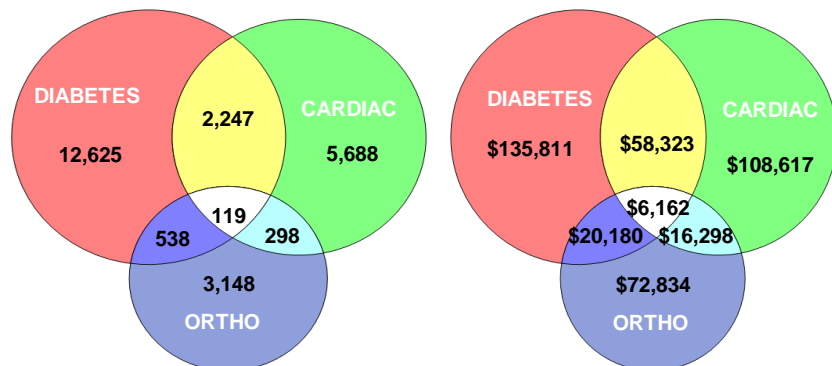
FY 2017 HEALTH BENEFITS

TOP TEN CLAIMS EXPENSE

TOP TEN CLAIMS EXPENSE

- \$989 million of total plan expense
- 79% of total plan expense
- Obesity related
 - Diabetes
 - Coronary artery disease
 - Hypertension
 - Musculoskeletal disorders
 - Digestive disorders
- High cost specialty drugs required
 - Rheumatoid arthritis
 - Multiple sclerosis

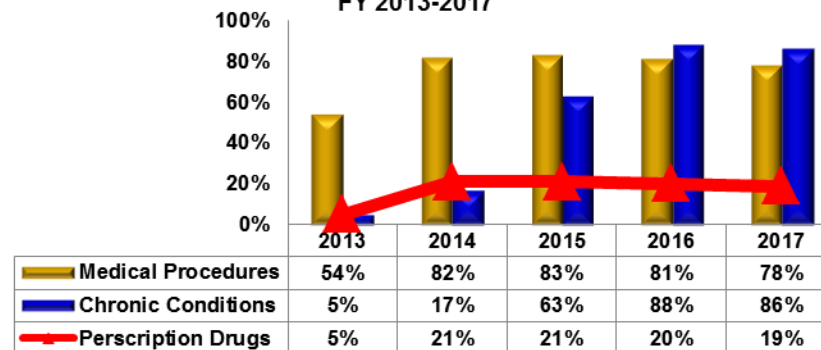
Major Chronic Conditions



"Top Ten" Claims Expense

Medical Procedures	Chronic Conditions	Prescription Drugs
1. Preventive-related	1. Preventive-related	1. <i>Humira PEN</i> - rheumatoid arthritis
2. Musculoskeletal	2. Musculoskeletal	2. <i>Enbrel</i> - rheumatoid arthritis
3. Oncology	3. Oncology	3. <i>Harvoni</i> - hepatitis C
4. Cardiovascular	4. Cardiovascular	4. <i>Tecfidera</i> - multiple sclerosis
5. Gastrointestinal	5. Gastrointestinal	5. <i>Victoza 3-Pak</i> - diabetes
6. Diabetes, Obesity & Lipid Disorders	6. Diabetes, Obesity & Lipid Disorders	6. <i>Lantus Solstar</i> - diabetes
7. Neurology	7. Neurology	7. <i>Januvia</i> - diabetes
8. Behavioral Health	8. Behavioral Health	8. <i>Metformin HCL ER</i> - diabetes
9. Pulmonary	9. Pulmonary	9. <i>Stelara</i> - psoriasis
10. Dermatology	10. Dermatology	10. <i>Gilenya</i> - multiple sclerosis

Top 10 Claims % of Total Medical and Pharmacy Expense FY 2013-2017

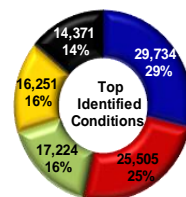


TOTAL POPULATION HEALTH

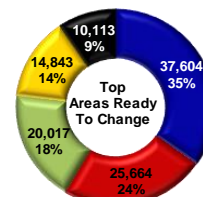
Tools

- Cost and quality tools
- Healthy lifestyle tools
- Financial rewards
- Education

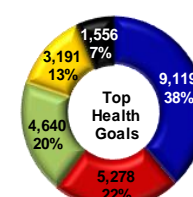
Identified in Health Assessment As of June 30, 2017



■ Stress Issues
■ Exercise Issues
■ Sleep Issues
■ Overweight
■ Hyperlipidemia



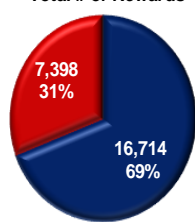
■ Healthier Diet
■ Managing Stress
■ Weight-bearing Exercises
■ Managing weight
■ Physical Activity



■ Losing Weight
■ More Physical Activity
■ Healthier Diet
■ Better manage stress
■ No preference

Member Premium Rewards

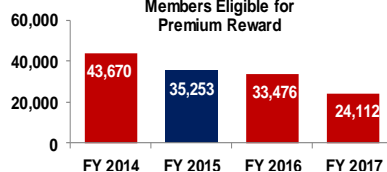
FY 2017
Total # of Rewards



\$4.9 million

■ Participant Only ■ Spouse Only

Members Eligible for
Premium Reward



2017 Weight of State Population

Body Mass Index (BMI)



Under Weight 18.5-
339 (1%)



Healthy Weight 18.5-24.9
11,155 (29%)



Over Weight 25-29.9
12,716 (33%)



Obese 30-34.9
7,847 (21%)

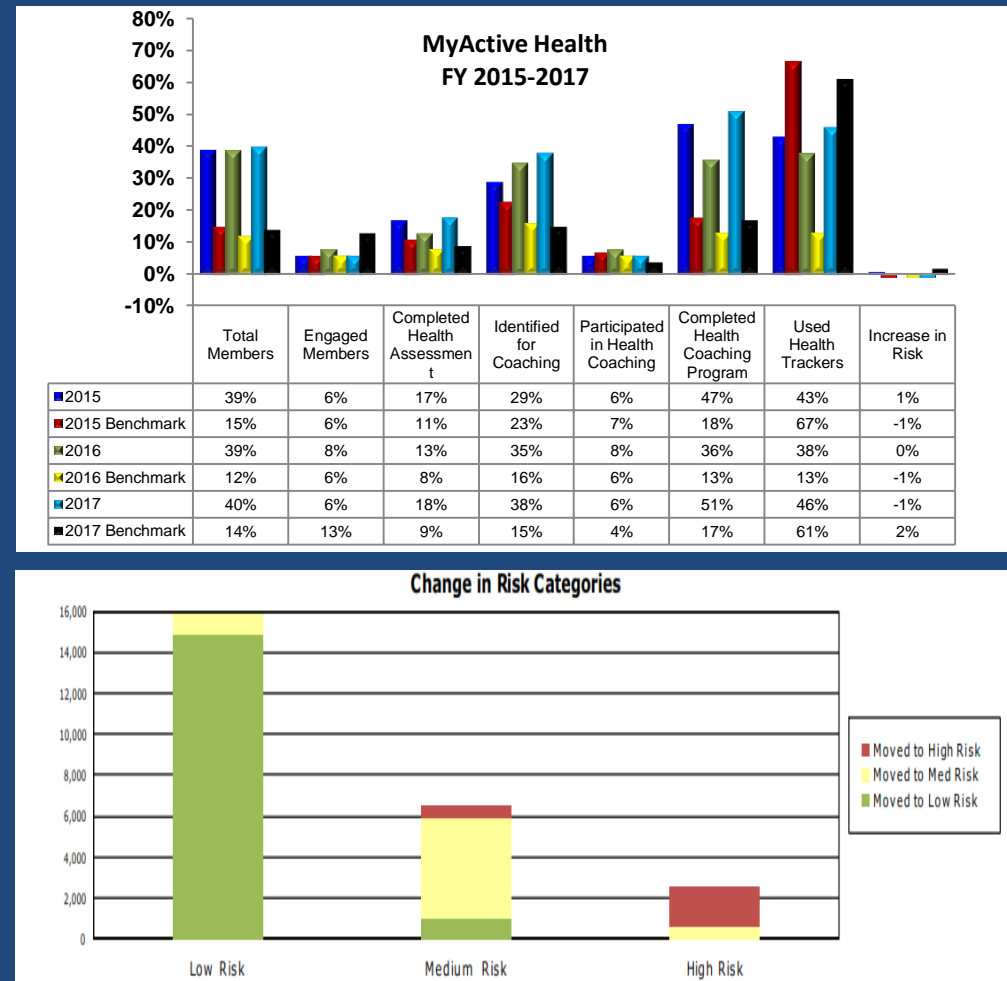


Morbid Obese 35+
6,534 (17%)

TOTAL POPULATION HEALTH

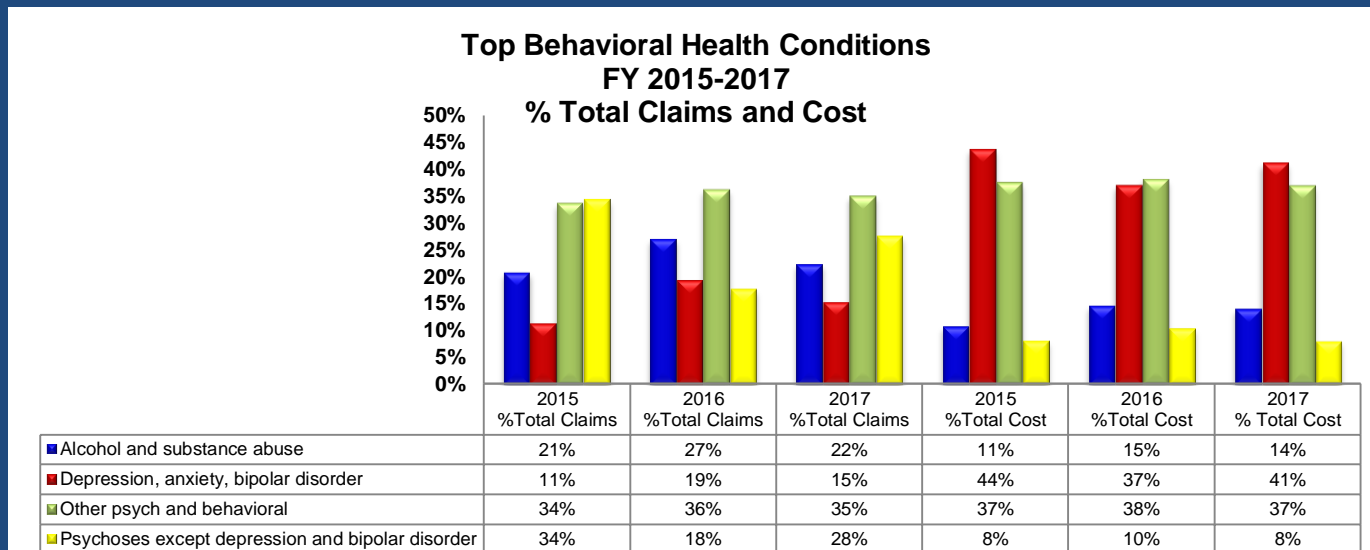
Engagement and Risk

- 40% of total population enrolled
- 6% of members engaged
- -1% risk compared to +2% benchmark, was 0% in 2016
- 65% of members changed from high or medium to low risk
- 35% of members changed from high to medium risk



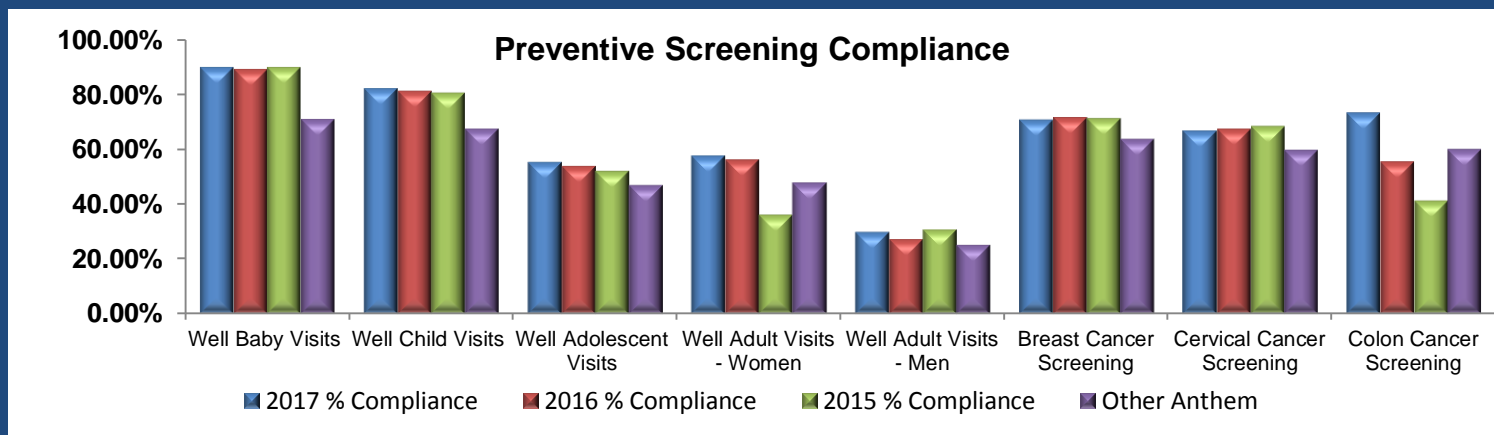
EMPLOYEE WELL BEING

- Includes both physical and emotional health
- Employee Assistance Program (EAP)
 - 85% of users sought services for emotional and psychological concerns, family relationships, and legal issues
 - 6.5% annualized utilization rate, comparable to national rate
 - 25% reduction in use of legal and financial services



WELLNESS & PREVENTIVE CARE

- **Annual check-ups**
 - Increased among men, women, children and adolescents
- **Age appropriate preventive screenings**
 - Increased for colon cancer
 - Slight drop in breast cancer and cervical cancer screenings
- **Improvement in 6 out of 8 screening categories**
- **Improvement in 8 out of 8 screening categories compared to benchmark**



INCENTIVES & OUTCOMES

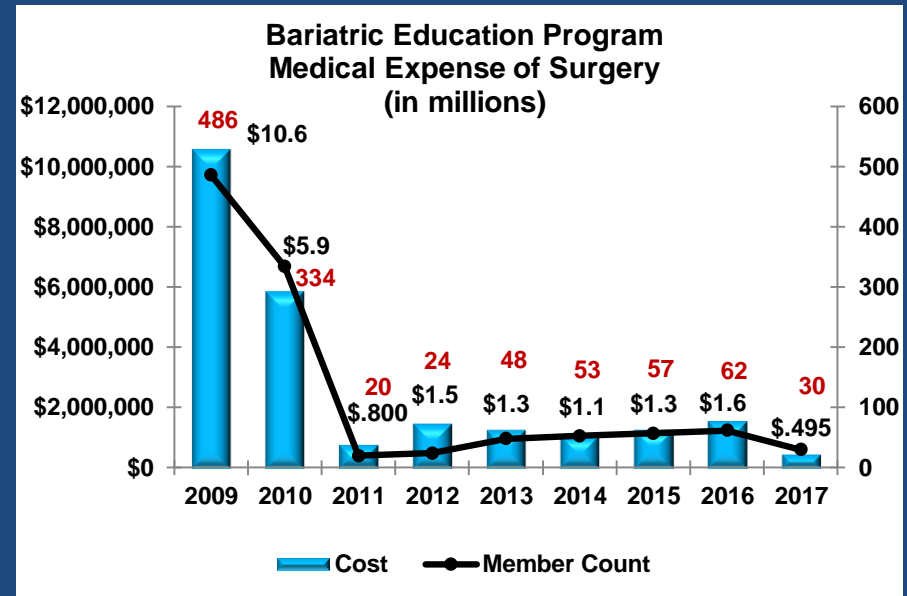
- **Bariatric Surgery**

- **Program**

- 367 enrolled in 2017
- Weight management
- Nutritional counseling
- Personalized coaching

- **Outcomes**

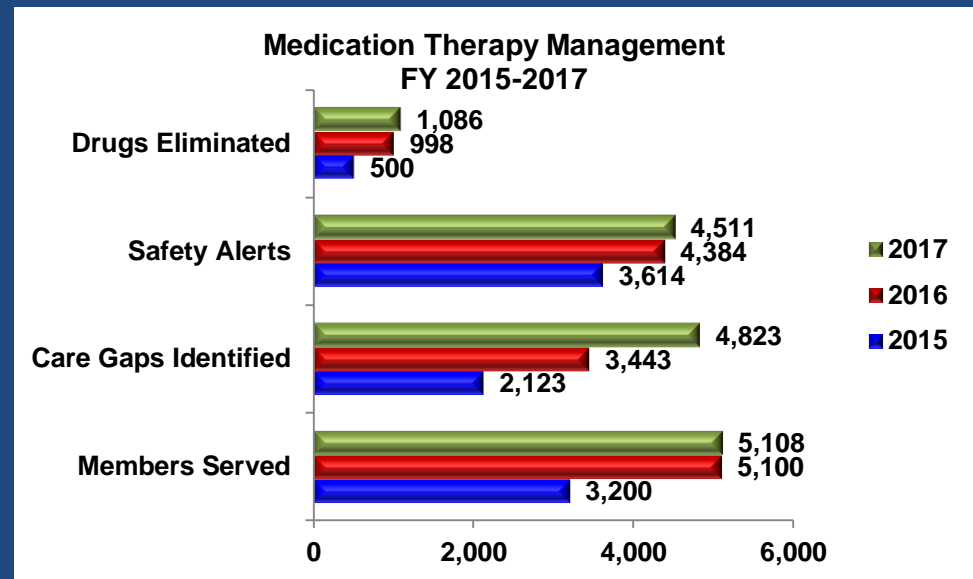
- Weight loss
- Improved nutrition
- More positive coping skills
- Increased activity
- 95% reduction in cost
- Fewer surgeries



INCENTIVES & OUTCOMES

- **Medication Therapy Management**

- One-on-one medication consultation with a pharmacist
- Goals of education and compliance
 - Complying with drug regimen
 - How to best use drug formulary
 - Possible drug reactions
- Two times more care gaps identified in 2017 than two years earlier



INCENTIVES & OUTCOMES

Value Based Insurance Design (VBID)

• Diabetes

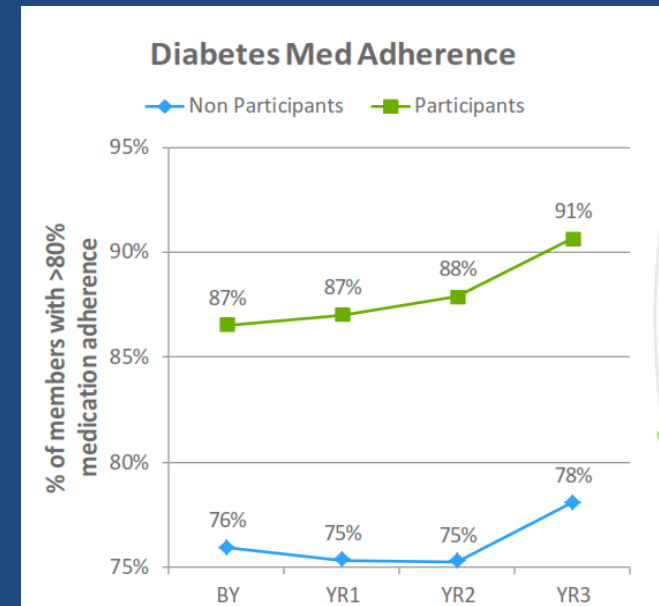
- Members in program for 3 years are better managing their diabetes
 - Complying with medication schedule
 - Adherence is 12% higher than for non-VBID members
 - 98% had HBA1C claim compared to 92% in year 1
 - 61% had a wellness exam compared to 45% in year 1

• Hypertension

- 5,219 engaged in year 2
 - 88% had a blood pressure claim
 - 77% had a wellness exam

• Asthma/COPD

- 1,437 engaged in year 2
 - 88% had a wellness check-up
 - 72% had a flu shot

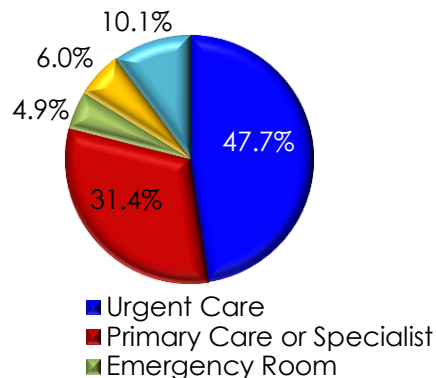


HEALTH CARE DELIVERY OPTIONS

Online Doctor

- Physician visits online 24/7
- 306 doctor visits in 2017
- 30-45 age group used service most
- 66% used mobile phone to access care

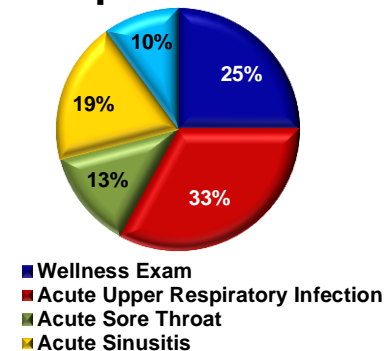
If Not Online Doctor, Where?



Capitol Square Healthcare

- Located in Monroe Building
- 1,354 visits for treatment in FY17
- 73% of visits same day in FY17
- 99.4% of patients rated services good or excellent in FY17

Capitol Square Healthcare 2017 Top Five Services



ACTIVE & EARLY RETIREE HEALTH INSURANCE FUND (HIF)

Active & Early Retiree Plan HIF Year End Balances

- FY 2009 – \$228.4 million
- FY 2012 – \$69.4 million
- FY 2013 – \$1.8 million
- FY 2014 – \$81.8 million
- FY 2015 – \$132.3 million
- FY 2016 - \$94.6 million
- FY 2017 - \$124.5 million

